Replacement cost of IBP

2278. SHRI DIPANKAR MUKHERJEE: Will the Minister of DISINVESTMENT be pleased to state:

(a) the details of replacement cost of IBP (approximately);

(b) the depreciated replacement cost of IBP;

(c) whether valuation of land and buildings of all IBP retail outlets have been assessed before disinvestment; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) to (d) As part of the process of disinvestment, Government registered valuers have been appointed for valuation of assets of IBP Co. Limited including the land and buildings of all IBP owned retail outlets. Since the reports of the valuers would be one of the inputs for determination of the enterprise value and for benchmarking price for shares proposed to be disinvested and the reports of the valuers would be opened when financial bids are called, as per approved procedure, it is not possible to indicate the details of the replacement cost, depreciated replacement cost etc., at this stage.

News-item "CAG criticizes PSU evaluations"

2279. SHRI DIPANKAR MUKHERJEE: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Government's attention has been drawn to a newsitem captioned "CAG criticises PSU evaluations" which appeared in the Times of India, dated 23rd July, 2001;

(b) if so, Government's reaction thereto;

(c) whether Government are reviewing their valuation methods in view of the CAG Report;

(d) if not, the reasons therefor;

(e) whether the final Report of CAG is being placed in Parliament for debate, as assured in Rajya Sabha on 27th February, 2001; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) Yes. Sir.

(b) Issues raised in the newsitem are not new and are already within the knowledge of Government. On 2nd March, 2001, the Government received the preliminary Audit observations regarding disinvestment of Government equity in Modern Food Industries Limited (MFIL). These were replied in detail by the Department of Dsinvestment on 15th March, 2001. After considering our reply, CAG has sent us the Inspection Report on 6th July, 2001. The reply to this report will be sent to the CAG soon.

(c) Based upon the disinvestment experience of MFIL and BALCO, the Disinvestment Department has standardized the Valuation Methodologies for disinvestment in CPSUs as per a note circulated to all concerned Departments on 14th May, 2001. Further refinements in the valuation methodologies are also being attempted in consultation with the CAG/CVC.

(d) Does not arise in view of answer at (c) above.

(e) and (f) After the Inspection Report of CAG has been replied to, CAG will prepare its final report which shall be laid before the Parliament in accordance with the prescribed procedure.

Effective mechanism in disinvestment procedure

2280. SHRI R. S. GAVAI: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Government propose to evolve effective mechanism in disinvestment procedure to prevent a BALCO like situation in favour of bidders;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) to (c) The loss caused due to the strike by workers in BALCO, after its disinvestment, has adversely affected bidders' interest in disinvestment. This fact is kept in mind while finalising the Share Holders' and Share Purchase Agreements in consultation with prospective bidders. Wherever necessary, appropriate provisions will be made in the Agreement documents to assure the prospective bidders and to make the process of transfer smoother.